MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016 / 2017

DBL5028 – COMPANY LAW

(For Diploma Students Only)

8 OCTOBER 2016
2.30 p.m - 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 2 pages with 4 questions.
2. Answer all questions.
3. You are required to cite sections and case laws where relevant.
4. Write all your answers in the Answer Booklet provided.

QUESTION 1

a) The Memorandum of Association (MOA) defines the essential components and structure of a company, partly for the information of those who do business with it. Discuss the following:

i. First director;

(4 marks)

ii. First secretary; and

(2 marks)

iii. Legality of the objects.

(5 marks)

b) Afiq had recently quit his job as a teacher in Melaka. He has made plans with John, Sumitha and Chan to set up a company in Johor in the food manufacturing industry and decided to appoint Afiq as a director of the company. Explain the procedures to form a company in Malaysia to Afiq.

(14 marks)

[Total : 25 Marks]

QUESTION 2

A company is a business organisation that must be registered under the Companies Act 1965.

a) Briefly discuss all (2) **TWO** types of companies according to public status.

(15 marks)

c) With reference to the provisions in the Companies Act 1965, explain the following:

i. Company limited by guarantee;

(3 marks)

ii. Company limited by both shares and guarantee; and

(5 marks)

iii. Unlimited company.

(2 marks)

[Total : 25 Marks]

Continued...

QUESTION 3

a) Fixy Sdn. Bhd. is a well-known company in Kedah. Azrul is one of its directors who also owns 10% of the shares in the company. Last March, Azrul signed a contract with one of the company's suppliers, Cico Sdn. Bhd. He claimed that he has been authorised by Fixy Sdn. Bhd. but the company's name was not mentioned in the contract. Furthermore, the other directors and members of the company are not aware of this contract and never authorised Azrul to enter into this contract. Recently, Cico Sdn. Bhd. sent a demand notice to the company to claim for payment. The company seeks your advice as to whether Azrul can be made personally liable to pay the amount due to Cico Sdn. Bhd. Advise the company.

(15 marks)

b) The court will lift the corporate veil when justice of the case requires it. Explain the following:

i. Evasion of legal obligation;

(3 marks)

ii. Enemy in times of war; and

(4 marks)

iii. Tax avoidance.

(3 marks)

[Total : 25 Marks]

QUESTION 4

a) The process by which a company is dissolved is known as winding up or liquidation. Based on your understanding, explain the effects of winding up on a company.

(6 marks)

b) State all **(4) FOUR** procedures for winding up by court.

(4 marks)

c) Poly Sdn. Bhd. was established in 2012. The company owns more than 20 restaurants in Malaysia. Last year, Poly Sdn. Bhd. took out a loan from CICB Bank for RM1, 500,000.00 in order to expand their business. Unfortunately, after the resignation of one of their managers, the business's profit dropped drastically and the company has failed to pay the installments of the loan. The company also unable to pay its employees' salary. CICB Bank has demanded the arrears of payment from the company by serving notices to them for the past several months. As a lawyer, advise CICB Bank whether they can apply for the winding up by court and whether they has a ground to do so.

(15 marks)

[Total : 25 Marks]

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